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Statement of
Paul J. McNulty

Darleen A. Druyun, age 56 of Vienna, Virginia, pled guilty earlier today before the Honorable T.S. Ellis, III, United States District Court Judge, to a one count criminal information charging conspiracy to commit acts affecting a personal financial interest by negotiating employment. Druyun, who will be sentenced on August 6, 2004, could receive a maximum sentence of 5 years in prison and a \$250,000 fine.

Druyun was the Principal Deputy Assistant Secretary of the Air Force for Acquisition and Management from 1993 until her retirement in November 2002. In that position she supervised, directed and oversaw the management of Air Force acquisition programs. This included negotiations in 2002 with the Boeing Company to lease 100 KC 767A tanker aircraft for the Air Force. The total value of this contract was projected to be in the range of \$20 billion. From September 23, 2002 until November 5, 2002, Druyun participated personally and substantially as a government employee overseeing the negotiation of the lease from Boeing while she was at the same time negotiating prospective employment with a senior executive of the Boeing Company. As a result of those negotiations, she accepted a position in January 2003 as Vice-President and Deputy General Manager of the Missile Defense Systems, a business unit of Boeing Integrated Defense Systems.

Druyun's daughter, herself an employee of the Boeing Company, contacted a senior executive of Boeing in September 2002. In a series of E-mails, she outlined to the senior executive her mother's intention to retire from the Air Force and the type of position her mother would accept after retirement. Druyun discussed these E-mails with the daughter, who relayed Druyun's interest in Boeing employment and a meeting with the senior executive.

As a result, the senior Boeing executive and Druyun met in a private conference room at the General Aviation Terminal of Orlando Airport on October 17, 2002. Although both parties at the meeting were aware that Druyun had not disqualified herself from matters involving Boeing, they discussed terms of employment. This included discussions of a specific Boeing position, salary, bonus and starting date. At the conclusion of the meeting, the senior executive advised Druyun that, "This meeting really didn't take place." Druyun did not disqualify herself from matters involving Boeing until November 5, 2002.

In the summer of 2003 the Boeing Company retained outside counsel to review the hiring of Druyun after news reports questioned the propriety of her hiring by Boeing. Druyun and the

senior executive agreed to maintain a false story that their first discussion of potential employment occurred on November 5, 2002, after she disqualified herself from acting on matters involving Boeing. The senior executive urged Druyun to “hang tough” in a series of phone conversations, including a conversation which occurred after the initiation of a criminal investigation by the Department of Defense Inspector General.

Druyun was terminated by Boeing for cause on November 24, 2003.

At a time when the government is straining to fulfill its responsibilities with limited resources, it is critical that public officials act with honesty and integrity. There can be no conflict of interest. The only interest should be the public’s interest. Darleen Druyun placed her personal interest over the interests of the Air Force and American taxpayers. Secretly negotiating employment with a government contractor, at the same time you are overseeing the negotiations of a multi-billion dollar lease from that same contractor, strikes at the heart of the integrity of the acquisition process.

This investigation is being conducted by the Defense Criminal Investigative Service of the Office of Inspector General, Department of Defense; the Air Force Office of Special Investigations; and the Federal Bureau of Investigation. Prosecuting the case for the United States is Assistant United States Attorney Robert W. Wiechering.

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